

FISCAL NOTE

SB 752 - HB 1398

March 7, 2007

SUMMARY OF BILL: Exempts any private pay nursing home resident, whose nursing home and medical expenses for the year exceed the resident's total income for the year, from paying Hall income tax.

ESTIMATED FISCAL IMPACT:

Decrease State Revenues - \$809,000

Increase State Expenditures - \$70,000 One-Time

Decrease Local Govt. Revenues - \$485,000

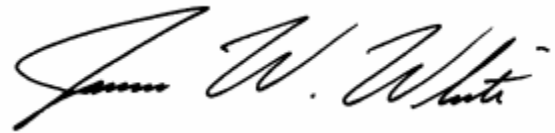
Assumptions:

- Such resident's total income shall be verified against the resident's federal income tax return along with any other such documentation as the Commissioner of Revenue may reasonably require.
- Based on data from the American Health Care Association, there are approximately 33,000 people in nursing home facilities in Tennessee.
- 21,780 Medicaid recipients are excluded from eligibility.
- 5,200 Medicare recipients are excluded from eligibility.
- Of the remaining 6,020 individuals, approximately 25% (or 1,505) are estimated to be Hall income taxpayers.
- According to the Department of Revenue, the average Hall income tax liability for taxpayers age 65 and over is estimated to be \$860 for FY07-08.
- The total decrease of Hall income tax revenues is estimated to be \$1,294,000 (1,505 individuals X \$860 = \$1,294,300).
- Approximately 62.5% of Hall income tax collections are apportioned to the General Fund; the remaining 37.5% is apportioned to local governments.
- The net decrease to state revenues is estimated to be \$809,000 (\$1,294,000 X 62.5% = \$808,750).

- The decrease to local government revenues is estimated to be \$485,000 (\$1,294,000 X 37.5% = \$485,250).
- The one-time increase to state expenditures for computer and software enhancements is estimated to be \$70,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director